

## Message Text

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53

ORIGIN EB-11

INFO OCT-01 ARA-16 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

CAB-09 CIAE-00 COME-00 DODE-00 DOTE-00 INR-10 NSAE-00

RSC-01 FAA-00 PM-07 NSC-07 SP-03 SS-20 L-03 H-03

PRS-01 PA-04 EA-11 EUR-25 /132 R

DRAFTED BY EB/AN:NLPZDRAL:DAP

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ARA/CAR - MR. MACKLIN (DRAFT)

ARA/CAR - MR. BURKE (DRAFT)

EB/OA - MR. MEADOWS

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FM SECSTATE WASHDC

TO AMEMBASSY PORT OF SPAIN IMMEDIATE

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

C O N F I D E N T I A L STATE 104784

E.O. 11652: N/A

TAGS: ETRN, TD

SUBJECT: CIVAIR: MEETINGS WITH GOTT MINISTER MAHABIR

REF: STATE 102319

1. SUMMARY: GOTT MINISTER OF COMMERCE AND INDUSTRY ERROL MAHABIR MET WITH SENIOR U.S. OFFICIALS MAY 15 AND 16 IN WASHINGTON, MADE FORCEFUL PRESENTATION CENTERED ON FOUR POINTS RAISED IN PRIME MINISTER WILLIAMS' LETTER TO SECRETARY KISSINGER. GIVEN LIMITED FLEXIBILITY POSSIBLE FOR U.S. ON ANY OF THESE MATTERS, WE ATTEMPTED COMPARTMENTALIZE ISSUES AND FOCUS BURDEN OF OUR RESPONSE ON NEED FOR DEVELOP

MENT OF A TRUE REGIONAL AIRLINE AS ONLY REAL SOLUTION TO LONGSTANDING FINANCIAL PROBLEMS FACING BRITISH WEST INDIAN AIRWAYS (BWIA). END SUMMARY.

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2. MAHABIR'S FIRST MEETING, WITH ARA ASSISTANT SECRETARY KUBISCH, REPORTED SEPARATELY (REF A). SUBSEQUENT MEETING WITH DOT SECRETARY BRINEGAR, ONLY CABINET-LEVEL SESSIONS SCHEDULED DURING VISIT, CANCELLED DUE MAHABIR'S LAST-MINUTE DECISION HOLD REPRESENTATIONAL LUNCHEON. COMMENT: SINCE BRINEGAR UNABLE ACCEPT LUNCHEON ON SUCH SHORT NOTICE, WE HOPE MATTER WILL NOT EMERGE IN CONTEXT THAT BRINEGAR UNABLE SEE MAHABIR "AND WOULDN'T EVEN COME TO LUNCH." END COMMENT.

3. MAHABIR AND GOTT AMBASSADOR MCINTYRE, ACCOMPANIED BY

BWIA ACTING CHAIRMAN SCOON, MET AFTERNOON MAY 15 WITH CAB CHAIRMAN TIMM AND MEMBERS HIS STAFF, LATER WITH JUDGE WEST, CAB MEMBER WHO TAKES MOST DIRECT INTEREST IN CARIBBEAN AFFAIRS. IN BOTH DISCUSSIONS MAHABIR FOLLOVED ESSENTIALLY SAME FOUR-POINT SCRIPT, PUNCTUATED WITH REMARKS REGARDING "VERY SERIOUS POLITICAL, AS WELL AS ECONOMIC CONSEQUENCES WHICH WOULD RESULT FROM ANY U.S. ACTION WHICH MIGHT KILL BWIA." SAME THEMES WERE REPEATED MAY 16 IN MEETINGS WITH ASSISTANT SECRETARY-DESIGNATE ENDERS AND DEPUTY ASSISTANT SECRETARY WALDMANN.

4. MAHABIR POINTS, AND VARIOUS U.S. POINTS MADE IN RESPONSE WERE:

A. PROPOSED PAN AM-AMERICAN AIRLINES ROUTE SWAP. MAHABIR ARGUED THAT ACQUISITION BY AMERICAN OF NYC-BARBADOS ROUTE WOULD GREATLY REDUCE BWIA REVENUE SINCE AMERICAN'S LARGE FEEDER NETWORK BEHIND NEW YORK WOULD INEVITABLY MEAN MANY MORE U.S.-ORIGIN PASSENGERS WOULD CONTINUE FROM NEW YORK SOUTHWARD ON AMERICAN THAN ON PAN AM. BWIA, WHICH NOW HAS MAINTENANCE CONTRACT WITH AMERICAN AT NEW YORK, WOULD HAVE TO SEEK NEW ARRANGEMENT, PROBABLY AT HIGHER COST. BWIA NOW HAS INTERLINE AGREEMENT WITH AMERICAN, WHICH WOULD ALSO BE LOST. US RESPONSE NOTED THAT, ACCORDING OUR FIGURES "LARGEST PERCENTAGE" (FYI OVER 85 PERCENT,) OF U.S.-TRINIDAD TRAFFIC ORIGINATES IN NORTHEASTERN U.S. AND FUNNELS THROUGH NEW YORK GATEWAY AVAILABLE EQUALLY TO PAN AM AND AMERICAN, SO THAT

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AMERICAN'S ABILITY TO CARRY PASSENGERS FOR EXAMPLE FROM MIDWEST WOULD NOT SERIOUSLY CUT INTO BWIA REVENUE. BWIA MIGHT ALSO BE ABLE TO ARRANGE EVEN MORE EFFECTIVE INTERLINE PLAN WITH SOME OTHER U.S. AIRLINE SUCH AS UNITED. IN ANY EVENT, CAB DECISION ON ROUTE SWAP PROBABLY WILL NOT BE TAKEN FOR SOME MONTHS, SO THERE CAN BE NO POSSIBLE IMMEDIATE IMPACT ON BWIA. FYI: BECAUSE OTHER PART OF PROPOSED ROUTE SWAP IS TRANSFER AMERICAN'S SOUTH

PACIFIC ROUTE TO PAN AM WHICH WILL ALLEVIATE SERIOUS AVIATION PROBLEM WITH AUSTRALIA, IT IS DEPARTMENT'S EXPECTATION THAT CAB WILL APPROVE SWAP. END FYI.

B. PROPOSED CHARTER "UPLIFT RATIO" LIMITATION (WHICH WOULD REQUIRE BWIA TO ARRANGE THREE TRINIDAD-ORIGIN CHARTER FLIGHTS FOR EVERY FOUR U.S.-ORIGIN CHARTERS); MAHABIR SAID THIS RULE WOULD SERIOUSLY CUT INTO BWIA REVENUE, DISRUPT PLANS AND VOID INTENSIVE AND EXPENSIVE

DEVELOPMENTAL WORK THEY HAVE CARRIED OUT IN U.S. OVER PAST YEAR AND A HALF. TRINIDAD, WHOSE POPULATION IS ABOUT 1/220TH OF U.S., TOO POOR TO TRAVEL AND UNABLE OBTAIN U.S. VISAS, COULD NOT POSSIBLY MEET THIS RATIO. MAHABIR, WHO REPEATEDLY STRESSED THAT T&T IS SO SMALL THAT U.S. COULD NOT POSSIBLY SUFFER ADVERSE EFFECT BY GRANTING SPECIAL EXEMPTION TO PROPOSED NEW RULE, SEEMED FEEL THESE CHARTER RESTRICTIONS WERE PARTICULARLY UNFAIR. WE INDICATED THAT NEW RULES ARE ONLY A CAB PROPOSAL, NOT ASSURED OF ADOPTION; AND THAT IF ADOPTED--WHICH WOULD TAKE SEVERAL MONTHS--WOULD HAVE NO EFFECT ON BWIA THROUGH THIS YEAR UNTIL BASE-PERIOD OPERATING DATA HAD BEEN ESTABLISHED. WE ALSO NOTED RULE HAD WORLDWIDE APPLICATION AND NOT DIRECTED AT TRINIDAD ALONE.

C. U.S. NEGOTIATIONS WITH OTHER CARIBBEAN COUNTRIES. MAHABIR'S CONCERN EVIDENTLY CAUSED BY GREATLY-OVERINFLATED UNDERSTANDING OF WHAT BARBADOS LIKELY TO GET OUT OF US-GOB CIVIL AIR TALKS, AS WELL AS FEARS OF TRAFFIC DILUTION BY INTRODUCTION NEW AIRLINE INTO LUCRATIVE US-BARBADOS MARKET.

D. ADDITIONAL ROUTES FOR BWIA. MAHABIR AND OTHERS  
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ACCOMPANYING HIM SEEMED CLEARLY TO BELIEVE THAT U.S. HAD FAVORED POSITION IN TERMS U.S.-TRINIDAD ROUTE EXCHANGE. THUS IT FOLLOWED LOGICALLY THAT, IF U.S. WERE ABOUT TO DO SOMETHING THAT WOULD PUT BWIA AT A DISADVANTAGE, WE SHOULD BE WILLING MAKE SOME COMPENSATORY ADJUSTMENT. THIS MISUNDERSTANDING ABETTED SOMEWHAT BY SCOON WHO, WE THINK, UNDERSTANDS REALITIES OF SITUATION BUT IS FEEDING FIGURES TO  
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## Message Attributes

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**TAGS:** ETRN, TD, US, BWIA, CAB, (MAHABIR, ERROL)  
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